

## Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 H-03 AID-20 IGA-02 DRC-01 RSC-01 /048 R

DRAFTED BY LA/CEN:TJMEHEN:SLS

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LA/DP: ALLISON HERRICK (DRAFT)

H:EBURKE (INFO)

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O 81922Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY MANAGUA IMMEDIATE

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E.O. 11652: N/A

SUBJECT: STAFF DEL CROMER AND GULICK

1. PRIOR TO THE PROPOSED HFAC FEBRUARY HEARINGS ON NICARAGUA SUPPLEMENTAL REQUEST STAFF CONSULTANTS HARRY CROMER AND LOU GULICK PLAN VISIT OF UP TO ONE WEEK BEGINNING JANUARY 12 TO REVIEW REGULAR AID PROGRAM AND RELIEF AND RECONSTRUCTION ASSISTANCE.

2. DIRECTOR LA/CEN MET WITH THEM JANUARY 7 AND PROVIDED HOUSING LOAN CAP AND GENERAL BACKGROUND INFORMATION ON THE EARTHQUAKE AND AID ASSISTANCE.

3. THE STAFF CONSULTANTS EXPRESSED INTEREST AND ASKED QUESTIONS IN A NUMBER OF AREAS INCLUDING: (A) OTHER DONOR ASSISTANCE; (B) THE ECONOMIC SITUATION PARTICULARLY THE FOREIGN EXCHANGE POSITION AND THE GON BUDGET; (C) REGULAR DEVELOPMENT PROGRAM; STATUS OF AGRICULTURE SECTOR ASSESSMENT AND THE POSSIBILITY OF IDB AND IBRD PARTICIPATION; (D) URBAN PLANNING AND THE MEXICAN TEAM'S EFFORT; (E) CHOICE OF LOW-COST HOUSING AS FIRST PRIORITY NEED FOR US FINANCING; (F) THE RELATIONSHIP OF HIG PROGRAM TO THE HOUSING LOAN; (G) USAID STAFFING LEVELS AND REASONS FOR INCREASES; (H) STATUS OF THE

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PUBLIC SAFETY PROGRAM.

4. ON BUDGET, FOREIGN EXCHANGE SITUATION, STAFFERS WERE

INTERESTED IN RATIONALE FOR PROCEEDING ON LOW-COST HOUSING LOAN WHICH WITHIN APPARENT CAPABILITIES OF GON. WE POINTED OUT OBVIOUS FACT THAT THIS WAS SIMPLY FIRST PRIORITY ITEM IN RECONSTRUCTION PROGRAM ESTIMATED TO COST BETWEEN 30 TO 50 OF GNP. WE ALSO INDICATED PRESENT DIFFICULTY OF PROJECTING FUTURE FOREX DRAW-DOWNS.

5. STAFFERS ASKED WHY LOW-COST HOUSING COULD NOT BE FINANCED UNDER HIG ARRANGEMENTS. WE TOLD THEM OF REGIONAL STUDY UNDERWAY TO GET AT EXACTLY THAT POINT.

6. FIELD ASSESSMENT OF VISIT AND PARTICULAR ITEMS OF INTEREST WILL BE HELPFUL IN PREPARING FOR ANTICIPATED HEARINGS ON SUPPLEMENTAL REQUEST.

KISSINGER

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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